



San Diego City Attorney **MICHAEL J. AGUIRRE**

NEWS RELEASE

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Contact: Maria Velasquez, Communications Director (619) 235-5725 mvelasquez@sandiego.gov

QUESTIONS RAISED ABOUT WHY MAYOR SANDERS AND COUNCIL PRESIDENT PETERS ARE NOT GOING AFTER \$146 MILLION IN PENSION OVERCHARGES

San Diego, CA—In testimony today before a meeting of the San Diego City Employees' Retirement System (SDCERS) Board, San Diego City Attorney Michael Aguirre raised questions about why Mayor Jerry Sanders and Council President Scott Peters have taken no action to set aside \$146 million in pension overcharges to taxpayers.

The special meeting of the Retirement Board of Trustees was convened to discuss a controversial employee benefit known as the Purchase of Service Credit (PSC) program. Last month, SDCERS announced that 15% of the City's \$1 billion pension liability, or \$146 million, is a direct result of the PSC program. The program allowed City employees to purchase up to five years of retirement credits for years not actually worked at a grossly discounted price.

A report by the City Attorney's Office, (Interim Report No. 12), released over a year ago, brought this same information to the attention of the Mayor and City Council and yet no action has been taken to protect city taxpayers.

In his presentation today, Aguirre noted that former Mayor Dick Murphy and three City Council members have benefited by their own purchase of the under priced pension credits—Toni Atkins, Brian Maienschein, and Jim Madaffer. Aguirre called on the City Council to hold an immediate hearing to consider his proposal that the 17,000 years of pension credits sold below-cost to employees be recalibrated to actual value. This would save taxpayers \$146 million.

At the hearing, the SDCERS officials acknowledged that service credits sold after 2003 were priced at a level that did not result in any cost to taxpayers. Mayor Sanders had previously represented that the service credits sold in 2006 and 2007 represented a cost to taxpayers of "tens of millions of dollars". Those claims were not borne out by presentations made to SDCERS officials today.

After the meeting Aguirre asked why the Mayor and City Council have hired outside legal counsel to take legal action against non-existent or remote benefit claims while ignoring the \$146 million.

To view Interim Report No. 12, visit www.sandiegocityattorney.org, click Interim Investigative Reports.

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1200 Third Avenue, Suite 1620, San Diego, California 92101-4188 (619) 236-6220